

Minutes of the Finance Committee

Wednesday, November 19, 2014

Chair Heinrich called the meeting to order at 8:30 a.m.

Present: Supervisors Jim Heinrich, Eric Highum, Steve Whittow, Richard Morris, Duane Paulson, Bill Zaborowski, and Larry Nelson.

Also Present: Chief of Staff Mark Mader, Principal Financial Projects Analyst Bob Ries, Administration Director Norm Cummings, Budget Manager Linda Witkowski, Senior Financial Analyst Clara Daniels, Register of Deeds Jim Behrend, Budget Specialist Bill Duckwitz, Senior Civil Engineer Karen Braun, Inspector Eric Severson, Business Manager Lyndsay Johnson, and Emergency Preparedness Director Gary Bell. Recorded by Mary Pedersen, County Board Office.

Approve Minutes of Previous Meeting(s)

MOTION: Zaborowski moved, second by Paulson to approve the minutes of November 5. Motion carried 7-0.

Schedule Next Meeting Date

- December 10

3rd Quarter Report on Investments

Ries discussed his report as outlined including investment highlights, valuation at cost, average daily balance, valuation at market, total County investment income, County portfolios, etc. The total return for the quarter was up ten basis points from the last quarter, to 0.39%. Total interest earnings for the quarter were \$777,984, up \$258,882 from the 2nd quarter. Average invested balances increased \$24.7 million consistent with the County's cash flow trend. However, the 3rd quarter average balance was \$13.2 million below the 3rd quarter average balance in 2013 due to the drawdown of funds for several large capital projects. The total investment balance at the end of the 3rd quarter was \$201,802,455 compared to \$177,144,294 at the end of the 2nd quarter.

MOTION: Zaborowski moved, second by Whittow to accept the 3rd quarter investments report. Motion carried 7-0.

Contract Procurement Process for Financial Advisor Services

Cummings and Ries were present to discuss this item. Cummings advised this five-year contract was awarded to Springsted, Inc., the highest rated proposer, for a total contract cost of \$91,835 (\$18,367 each year). The first year budgeted amount is \$115,000 and includes the cost of the financial advisor, bond counsel, rating agency fees and travel for presentation, cost of bond issuance, and bid discount (if any). This allocation has been sufficient in the past when financial advisor fees were as much as \$25,000 in one year, therefore, the budget is sufficient. Five bids were received, including one from the County's current financial advisor, Robert W. Baird.

MOTION: Highum moved, second by Whittow to approve the contract procurement process for financial advisor services. Motion carried 7-0.

3rd Quarter Report on General and Special Revenue Funds

Witkowski and Duckwitz reviewed the 3rd quarter report on General Funds as outlined per department. For nine months of 2014, total General Fund expenditures were \$107.5 million or 65.6% of the total modified expenditure budget versus this same period in 2013 when expenditures were \$107.7 million or 69.4%. Operating revenues achieved during the first nine months of 2014 were nearly \$50.6 million or 62.5% of the modified revenue budget versus \$50.7 million or approximately 66.7% of revenue recognized for the first nine months of 2013. The report indicates an estimated overall favorable result projected for the 2014 General Fund at year-end of \$985,000. Favorable budget variances in departments, including Health & Human Services and the Clerk of Courts (\$1.83 million combined) partially offset major projected unfavorable results of \$2.1 million in the County Treasurer's budget, mostly due to \$1.96 million less in investment income and \$209,000 in lower penalties and interest on delinquent taxes. Also, the Register of Deeds is estimated to end the year \$438,000 below budget due to a significant drop in document recording fees (decreased mortgage financing activity) totaling \$564,000.

Witkowski reviewed the Special Revenue Funds as outlined per department. As of nine months, all funds were projected to finish the year with favorable or break-even results except the Land Information System fund. This is mainly due to a projected decrease in document recording fee revenues.

Witkowski and Duckwitz discussed potential future budget related fund transfers and ordinances for the Medical Examiner, Sheriff, Parks & Land Use, Public Works, Treasurer, and Health & Human Services.

MOTION: Paulson moved, second by Zaborowski to accept the 3rd quarter report on General and Special Revenue funds. Motion carried 7-0.

Ordinance 169-O-075: Sale Of County Property Lands Adjacent To The County Highway Nashotah Substation, Village Of Nashotah

Braun discussed this ordinance which authorizes the sale of 0.079 acres of land adjacent to the Nashotah Highway Substation. It has been determined that the land is not needed. The County received an offer of \$24,000 for the property from the adjoining landowner. For about ten years now, he has been renting it from the County and he developed it into a parking area. This is a good deal for the owner and the County.

Mader noted the Public Works Committee approved this ordinance unanimously after Braun answered questions pertaining to boundary lines. Mader asked Braun to speak to the rental proceeds. Braun indicated the rental agreement was executed in 2001 and runs through 2021. In 2001, rent was \$50/month and it increased about \$20/month each year thereafter, based on land appreciation values. In 2014 he paid the County \$860 for rent. To answer Paulson's question, Braun said she arrived at the \$24,000 figure by looking at Nashotah land sales. Residential land is around \$5/square foot. However, there were no commercial comparisons in Nashotah so she looked at Oconomowoc and Delafield. These rates were anywhere from \$5 to \$25. The land does have some challenges including its size and the fact it has a holding tank (no sewer and water), therefore, a value of \$6.80/square foot was placed on the property. The sale price includes all costs incurred by the County to sell the property totaling about \$700. Proceeds from the sale will be accounted for

as revenue in the General Fund (Non-departmental). Paulson felt the price was a little low and the County will not receive as much in taxes as it did from rent.

MOTION: Whittow moved, second by Highum to approve Ordinance 169-O-075. Motion carried 7-0.

Ordinance 169-O-077: Authorize The Waukesha County Sheriff's Department To Contract With The City Of Pewaukee To Provide Police Services

Severson and Johnson discussed this ordinance which authorizes the Sheriff's Department to continue providing police services to the City of Pewaukee. The department has provided municipal patrol coverage to the City since 2010. This five-year contract will require the County to provide patrol coverage and necessary equipment for eight patrol shifts seven days per week (about 1.67 full-time equivalent [FTE] positions per shift factoring in training, vacations, etc. or a total of 13.36 FTE deputy positions), one patrol shift five days per week (about 1.19 FTE), one detective (1.00 FTE) and two dedicated lieutenants (2.38 FTE). In addition, the contract allows for separate charges for all overtime costs incurred from policing functions including overtime related to court appearances in connection with the prosecution of municipal ordinance violations.

The City will pay the County for the patrol service in monthly installments based on annual budgeted costs of supplying contract police services with actual overtime charges reimbursed quarterly. Proportional charges for indirect costs are also included in the contract amount. Charges will be adjusted annually to reflect the adopted budget. The contract term is January 1, 2015 through December 31, 2019. Based on the department's full cost recovery contract methodology, the City will be expected to pay an estimated \$2,233,537 in fiscal year 2015. The department's 2015 budget adjusts revenues and appropriates expenditures accordingly resulting in no tax levy associated with the execution of the contract. The budget also includes all positions necessary for the continuation of the contract. Severson noted these contracts are a win-win for the County and municipalities which he explained briefly.

MOTION: Paulson moved, second by Morris to approve Ordinance 169-O-077. Motion carried 7-0.

Ordinance 169-O-076: Accept Homeland Security-Urban Area Security Initiative FFY 2014 Program Funding And Modify The Emergency Preparedness 2014 Budget To Appropriate Grant Revenues And Expenditures For The Public Private Partnership Workshop Grant

Bell discussed this ordinance which authorizes Emergency Management to accept \$20,000 of Urban Area Security Initiative (UASI) grant funds from the Department of Homeland Security. The ordinance will increase operating expenses \$20,000 to allow for contracted services for regional training workshops and exercises for developing disaster and business continuity plans. Bell said this is aimed at small businesses, however, all businesses can participate. For example, after the 2008 flood, 40% of businesses that were forced to close due to flooding never re-opened. He noted that 65% of new job growth is with small businesses. No County indirect costs are covered by this grant funding and this ordinance results in no additional direct tax levy impact.

To answer Heinrich's question, the grant application was submitted in May. In response to Whittow's question, Bell explained how the training program will be communicated to businesses.

MOTION: Paulson moved, second by Nelson to approve Ordinance 169-O-076. Motion carried 7-0.

MOTION: Highum moved, second by Paulson to adjourn at 10:30 a.m. Motion carried 7-0.

Respectfully submitted,

William J. Zaborowski
Secretary